

MILPITAS OVERSIGHT BOARD

TO THE CITY OF MILPITAS ACTING AS THE RDA SUCCESSOR AGENCY

455 EAST CALAVERAS BOULEVARD, MILPITAS, CA 95035-5479
GENERAL INFORMATION: 408-586-3000 www.ci.milpitas.ca.gov

MILPITAS OVERSIGHT BOARD MEETING

Milpitas City Hall, Committee Room
455 E. Calaveras Blvd., Milpitas, CA 95035

MEMBERS:

Emma Karlen
Bruce Knopf, Vice Chair
Mike McInerney, Chair
Michael Mendizabal
Althea Polanski
Matthew Tinsley
Glen Williams

ALTERNATES:

Jane Corpus Takahashi
Alan Minato

Jenina Salcedo
Michael Murdter

DRAFT Minutes of the December 9, 2015 Meeting

I. CALL TO ORDER, ROLL CALL AND PLEDGE OF ALLEGIANCE

Chair McInerney called the meeting to order at 2:04 p.m.

ROLL CALL

MEMBERS PRESENT: Emma Karlen, Bruce Knopf, Mike McInerney, Althea Polanski, Matthew Tinsley and Glen Williams

MEMBERS ABSENT: Mike Mendizabal

II. PUBLIC FORUM

Mr. Rob Means addressed the Board on the relationship between global climate change and national security.

III. APPROVAL OF AGENDA

Moved by Mr. Williams and seconded by Mr. Tinsley to approve the agenda. The motion passed unanimously.

IV. APPROVAL OF MINUTES FOR October 23, 2015 Meeting

Board Member Knopf asked that the minutes reflect his absence at the October 23, 2015 meeting.

Moved by Mr. Williams and seconded by Ms. Polanski to approve the minutes of the October 23, 2015 meeting as amended. The motion passed with the following vote: **AYES:** Karlen, McInerney, Polanski and Williams **NOES:** None **ABSTAIN:** Knopf and Tinsley **ABSENT:** Mendizabal

V. OLD BUSINESS

None

VI. NEW BUSINESS

- A. Receive and consider report and recommendations from the Ad Hoc Committee of the Oversight Board Regarding Results of Request for Proposals (RFP) Process for the Sale of Property No. 5 Listed on the Long Range Property Management Plan and Located at 540 S. Abel Street, Milpitas, California (APN 086-10-025).
 1. Adoption of Resolution No. 71 of the Oversight Board Approving the Sale of Property Located at 540 S. Abel Street, Milpitas California (APN 086-10-025) to Rajyoga Meditation & Research Center, a Non Profit Corporation, Pursuant to the Long Range Property Management Plan and a Request for Proposals (RFP) Process.

Ms. Montoy presented the staff report on behalf of the Ad Hoc Committee regarding the results of the RFP process of Property No. 5 recommending sale to the proposer with the highest offer which met all requirements of the RFP. She described telephone calls with the Ad Hoc Committee which also included Mr. Tom Williams in one call. She noted that the Board had received a letter from the County of Santa Clara stating that the County concurs with the proposed recommendation. She noted that while the resolution included a timeframe for the Seller's execution, it did not include one for the Buyer's execution and, therefore, recommended that text be added that Buyer execute the Purchase Sale Agreement within ten days of adoption of the resolution. She also explained that representatives of the Buyer had contacted her regarding three requests relating to the Purchase Sale Agreement: 1) Increase the Due Diligence Period from thirty to sixty days; 2) Change/delete the "as is" language; and 3) Escrow costs not be paid by Buyer.

Under public comments, Ms. Ratu Patel, Secretary and Attorney for Rajyoga Meditation and Research Center, requested that the Board do the following: 1) Hold off on the "as-is" provision until proper inspections have been completed to ensure the building is in compliance with Code; 2) Adjust the purchase price so that the cost to the buyer does not exceed \$4 million including closing and escrow costs, and 3) Increase the due diligence period from thirty days to sixty days.

Mr. Atma Dayal, Board Member of the Rajyoga Meditation and Research Center, indicated that resolving the issue of allowing a residence for a caretaker on the property was one reason for requesting an increase in the due diligence period.

Board Member Williams asked if there is an estimate of closing costs. Ms. Montoy said she had no estimate but that the definition in the Purchase and Sale Agreement (PSA) is narrowly crafted so it only includes customary escrow fees and closing costs and excludes costs, such as inspections.

Board Member Williams asked the representatives of the Rajyoga Meditation and Research Center if they had an estimate on the closing costs. Ms. Patel said that closing costs would be in the range of \$10,000 to \$20,000.

Board Member Knopf asked what due diligence period the buyer is requesting. Mr. Dayal said they are requesting 90 days.

Board Member Williams stated that one of the reasons for the "as-is" provision in the PSA is that the Successor Agency is unable to absorb any ongoing liability of any kind since it will dissolve at some point. The standard "as-is" language is a requirement because there is no indemnification.

Board Member Polanski said that she does not want to sell the property and she appreciates the offer, but will be voting no adding that it does not have anything to do with Rajyoga Meditation and Research Center. Ms. Polanski said she wishes the property could have been kept for governmental use and kept as the City's property.

Moved by Mr. Knopf and seconded by Mr. Williams that Resolution No. 71 be approved with the "as-is" provision remaining the same as currently in the agreement and with the following amendments to the Resolution and PSA, as appropriate: 1) Buyer execute the agreement within 10 days of Board approval; 2) Both Seller and Buyer customary escrow fees and closing costs be handled from the proceeds of sale, and 3) Due diligence period amended to be a total of 90 days from the effective date. The motion passed by the following vote. **AYES:** Karlen, Knopf, McInerney, Tinsley and Williams **NOES:** Polanski **ABSTAIN:** None **ABSENT:** Mendizabal

B. Successor Agency's Presentation Regarding Need to Increase the Administrative Budget (Discussion Only).

Board Member Karlen presented a brief summary of reasons for the need to increase the Administrative Budget for Successor Agency attorney costs during the period January 1, 2016 through June 30, 2016 by an additional \$20,000.

Board Member Knopf requested that when this item comes back that there is information on the work the Successor Agency attorney performs.

Board Member Polanski commented that the Administrative Budget has been reduced significantly and that the Successor Agency is anticipating increased attorney work on the sales of the Agency's remaining properties.

VII. NEXT MEETING

A. Identify Potential Agenda Items

1. Proposal to amend ROPS for the period January 1, 2016 through June 30, 2016.
2. Consider responses to 230 N. Main St. RFP that are due December 21, 2015.
3. Annual ROPS for the period July 1, 2016 to June 30, 2017.

B. Set Date and Time

It was agreed that the next meeting will be held on January 25, 2016 at 1:00 p.m.

VIII. MEETING ADJOURNMENT

Moved by Mr. Williams and seconded by Mr. Knopf, Chair McInerney adjourned the meeting at 3:25 p.m. on the consensus of the Board.

*Meeting minutes drafted and submitted by
Barbara Crump, Board Secretary*

Approved on January 25, 2016.

Mike McInerney
Oversight Board Chair

Barbara Crump
Oversight Board Secretary

OVERSIGHT BOARD STAFF REPORT

MEETING DATE: January 25, 2016

ITEM VIA: Report from Ad Hoc Committee of Oversight Board Regarding Results of Request for Proposals (RFP) Process for the Sale of Property No. 3 Listed on the Long Range Property Management Plan and Located at 230 N. Main Street, Milpitas California (APN 028-34-001 through 028-34-094).

RECOMMENDED ACTION:

The Oversight Board Ad Hoc Committee recommends Adoption of Resolution No.72 Approving the Sale of Property Located at 230 N. Main Street, Milpitas, California (APN 028-34-001 through 028-34-094) to the County of Santa Clara Pursuant to the Long Range Property Management Plan and a Request for Proposals (RFP) Process.

BACKGROUND AND DISCUSSION:

On September 14, 2015, the Oversight Board Ad Hoc Committee recommended and the Oversight Board adopted Resolution No. 67 which approved issuance of an RFP for Property No. 3 on the LRPMP located at 230 N. Main Street, Milpitas, CA (APN 028-34-001 through 028-34-094). The proposals were due on December 21, 2015, at 5 p.m. One proposal was received in response to the RFP.

The Ad Hoc Committee reviewed the proposal received and determined that the County of Santa Clara submitted a timely proposal, a fair and reasonable bid, and a proposal that met all requirements of the RFP.

Proposed Resolution 71 provides as follows:

1. Approves the sale of Property No. 3 located at 230 N. Main Street, Milpitas, California to the County of Santa Clara. The Purchase Sale Agreement shall be executed by the County of Santa Clara within ten days of the adoption of the resolution.
2. Directs and authorizes the Successor Agency to execute the Purchase Sale Agreement attached hereto as Exhibit A to Resolution No. 72 within thirty days of its execution by the County of Santa Clara.

3. Directs and authorizes the opening of escrow and the execution of escrow instructions consistent with the Purchase Sale Agreement.
4. Authorizes the Oversight Board Chairperson, Successor Agency Executive Director, and Oversight Board Special Counsel to collectively make any non-substantive, technical, and clerical corrections to the Purchase Sale Agreement.
5. Authorizes that the Successor Agency's (Seller's) portion of escrow fees shall be paid from proceeds of the sale. The term "customary escrow fees" does not include the Successor Agency's costs, if any, that are associated with providing clean title to the property including but not limited to the removal of liens or encumbrances.

ATTACHMENTS:

Proposed Resolution No. 72

Purchase Sale Agreement (Exhibit A to Proposed Resolution No. 72)

RESOLUTION NO. 72

RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY OF THE FORMER MILPITAS REDEVELOPMENT AGENCY APPROVING THE SALE OF PROPERTY LOCATED AT 230 N. MAIN STREET, MILPITAS, CALIFORNIA (APN 028-34-001) TO THE COUNTY OF SANTA CLARA PURSUANT TO THE LONG RANGE PROPERTY MANAGEMENT PLAN AND A REQUEST FOR PROPOSALS (RFP) PROCESS

WHEREAS, the Oversight Board to the RDA Successor Agency for the City of Milpitas (“Oversight Board”) has been established to direct the RDA Successor Agency for the City of Milpitas (“Successor Agency”) to take certain actions to wind down the affairs of the Redevelopment Agency in accordance with the California Health and Safety Code; and

WHEREAS, among the duties of successor agencies under the Dissolution Act is the preparation of a long-range property management plan (LRPMP) that addresses the disposition and use of the real properties of the former redevelopment agency for consideration by a local oversight board and California Department of Finance (“DOF”); and

WHEREAS, the LRPMP for the Successor Agency was approved by the Oversight Board on February 10, 2015, and by DOF on March 9, 2015 and identifies properties as assets of the Successor Agency that the Successor Agency is to sell; and

WHEREAS, one of the properties that the Successor Agency is required to sell under the LRPMP is the property identified as Property No. 3 which is located at 230 N. Main Street, Milpitas, California (APN 028-34-001); and

WHEREAS, the Oversight Board approved an Appraisal Contract with Valbridge Property Advisors on December 2, 2014, which provides for appraisal of properties listed on the LRPMP; and

WHEREAS, the Oversight Board has utilized a Request for Proposals (“RFP”) process to solicit offers for the disposition of the properties; and

WHEREAS, at its meeting of April 8, 2015, the Oversight Board designated an Ad Hoc Committee of the Board to oversee the RFP process and present RFPs to the Oversight Board for approval; and

WHEREAS, on September 14, 2015, the Oversight Board Ad Hoc Committee recommended and the Oversight Board adopted Resolution No. 67 which approved issuance of an RFP for Property No. 3 on the LRPMP located at 230 N. Main Street, Milpitas, California (APN 028-34-001); and

WHEREAS, proposals under the RFP for Property No. 3 were due on December 21, 2015, at 5 p.m.; and

WHEREAS, one proposal was received pursuant to the RFP; and

WHEREAS, the Oversight Board Ad Hoc Committee recommends the sale of Property No. 3 to the County of Santa Clara as it submitted a fair and reasonable bid and met all requirements of the RFP.

NOW, THEREFORE, the Oversight Board of the former Milpitas Redevelopment Agency resolves as follows:

Section 1. The recitals set forth above are true and correct and are incorporated herein by reference.

Section 2. The Oversight Board:

- a. Approves the sale of Property No. 3 located at 230 N. Main Street, Milpitas, California to the County of Santa Clara. The Purchase Sale Agreement attached hereto as Exhibit A shall be executed by the County of Santa Clara, within ten days of the adoption of this resolution.
- b. Directs and authorizes the Successor Agency to execute the Purchase Sale Agreement attached hereto as Exhibit A within thirty days of its execution by the County of Santa Clara.
- c. Directs and authorizes the opening of escrow and the execution of escrow instructions consistent with the Purchase Sale Agreement.
- d. Authorizes that Seller's and Buyer's customary escrow fees shall be paid from proceeds of the sale. The term "customary escrow fees" does not include Successor Agency's costs, if any, that are associated with providing clean title to the property including but not limited to the removal of liens or encumbrances.

Section 3. The Oversight Board Chairperson, Successor Agency Executive Director, and Oversight Board Special Counsel are collectively authorized to make any non-substantive, technical, and clerical corrections to the Purchase Sale Agreement.

(Attestation on Next Page)

PASSED AND ADOPTED on this 25th day of January 2016, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

APPROVED:

Barbara Crump
Oversight Board Secretary

Michael McNerney
Oversight Board Chair

**REAL PROPERTY PURCHASE AND SALE AGREEMENT
AND
MUTUAL ESCROW INSTRUCTIONS**

(230 N. Main Street, Milpitas CA 95035; APN 028-34-001 through 028-34-094)

THIS REAL PROPERTY PURCHASE AND SALE AGREEMENT (the "Agreement") is entered by and between the Successor Agency of the Former Redevelopment Agency of the City of Milpitas, a separate public entity ("Successor Agency" or "SELLER") and County of Santa Clara ("BUYER") on _____, 2016.

RECITALS

A. The real property which is subject to this Agreement is located at 230 N. Main Street, Milpitas, California, (APN 028-34-001 through 028-34-094) and legally described in Exhibit "A" which is attached hereto and incorporated herein by reference (the "Property"). The Property is vacant land and is approximately 1.609 acres in size.

B. The California State Legislature enacted Assembly Bill x1 26 in 2011 to dissolve redevelopment agencies formed under the Community Redevelopment Law (Health and Safety Code sections 33000 *et seq.*, as amended by Assembly Bill 1484 in 2012 and Senate Bill 107 in 2015) hereafter referenced as "Dissolution Law". All references to Health and Safety Code sections in this Agreement are references to the Dissolution Law.

C. Prior to the effective date of the Dissolution Law, the Redevelopment Agency of the City of Milpitas (the "Former Redevelopment Agency") owned fee interest title in and to the Property.

D. On February 1, 2012 and upon dissolution of the Former Redevelopment Agency, the City of Milpitas, acting in a separate limited capacity and as a separate legal entity, became the Successor Agency of the Former Redevelopment Agency of the City of Milpitas ("Successor Agency").

E. Successor Agency ("SELLER") now holds fee title interest in and to the Property.

F. SELLER is responsible for the disposition of the Property in accordance with the procedures and requirements of Dissolution Law. Pursuant to Health and Safety Code Section 34177, successor agencies are required to dispose of assets and properties of the Former Redevelopment Agency expeditiously and in a manner aimed at maximizing the value.

G. In accordance with Health and Safety Code Section 34191.5, the SELLER prepared and the Oversight Board of the Successor Agency ("Oversight Board") approved a "Long-Range Property Management Plan" which included sale of the Property under a Request for Proposals ("RFP") process.

H. On September 15, 2015, the Oversight Board approved Seller's issuance of a Request for Proposals for the purchase of the Property.

I. BUYER was the successful bidder under the RFP process.

J. SELLER has submitted this Agreement to the Oversight Board for approval which has adopted a resolution approving the sale and submitted it to the California Department of Finance (DOF).

K. The parties acknowledge and agree that the purchase and sale of the Property pursuant to this Agreement may be reviewed by the California Department of Finance (DOF).

L. SELLER desires to convey fee title interest in and to the Property to BUYER in a manner consistent with the Dissolution Law requiring, *inter alia*, the disposition of its former property.

M. BUYER desires to purchase the Property from SELLER and SELLER desires to sell the Property on the terms and conditions contained in this Agreement.

AGREEMENT

The foregoing recitals are incorporated herein as if fully set forth. For valuable consideration and subject to the terms and conditions hereof, BUYER and SELLER agree as follows:

1. PURCHASE AND SALE.

A. Conveyance of Property. SELLER agrees to sell to BUYER and BUYER agrees to purchase from SELLER, the Property on the terms and conditions set forth in this Agreement. The Legal Description of the Property is attached as Exhibit A.

B. Purchase Price for the Property. The total purchase price to be paid by BUYER to the SELLER for the Property is three million five hundred thousand dollars (\$3,500,000) (the "Purchase Price").

C. Effective Date. The Effective Date is the last date set forth opposite the signatures of the parties at the end of this Agreement and which is entered at the beginning of this Agreement.

2. OPENING OF ESCROW AND DEPOSIT.

A. Opening Escrow. Within five (5) business days of the Effective Date of this Agreement, SELLER shall open an escrow (the "Escrow") with _____ (the "Title Company" or "Escrow Holder") for conveyance of the Property to BUYER. This Agreement shall constitute mutual instructions to the Escrow Holder. The Opening Date of escrow shall be the date on which Escrow Holder receives a fully executed copy of this Agreement. BUYER and SELLER shall execute additional escrow instructions as may be required to enable the Escrow Holder to close the escrow consistent with the terms of this

Agreement and as BUYER and SELLER may approve, which approval shall not be unreasonably withheld.

B. Deposit.

- (1) **Deposit.** Together with BUYER's response to the Request for Proposal, BUYER delivered to SELLER a check in the sum of Fifty Thousand Dollars (\$50,000.00) ("Deposit"). Immediately upon the opening of Escrow, SELLER shall deliver the Deposit to Escrow Holder for the benefit of BUYER.
- (2) **Conditions for Refund of Deposit.** The Deposit shall become nonrefundable to BUYER upon expiration of the Due Diligence Period if this Agreement has not been terminated; except that the DEPOSIT shall be refundable to BUYER if: (i) Escrow fails to close due to SELLER's default or breach of its representations or warranties under this Agreement or (ii) Closing fails to occur due to the failure of any condition to Closing set forth in this Agreement which is for the benefit of the BUYER. If upon termination of this Agreement SELLER is entitled to retain any portion of the Deposit, then BUYER shall within one (1) business day thereafter instruct Escrow Holder to immediately release such portion of the Deposit to SELLER (which obligation shall survive the termination of this Agreement). Upon termination of this Agreement, the parties shall have no further obligations hereunder except for the Surviving Obligations. As used in this Agreement, "Surviving Obligations" shall mean all obligations of BUYER and/or SELLER which are expressly stated in this Agreement to survive Close of Escrow (defined in Section 6.A) or termination of this Agreement.
- (3) **Handling of Deposit.** The Deposit shall be deposited in an interest bearing money market or savings account with a national banking association or federally chartered savings and loan association, which interest shall accrue to the benefit of the BUYER and shall be applied to the Purchase Price at the Closing.

3. **DUE DILIGENCE PERIOD AND INSPECTIONS.**

A. Due Diligence Period. BUYER shall have thirty (30) days following the Effective Date to conduct BUYER's due diligence, as BUYER deems necessary, but at BUYER's sole cost and expense, including but not limited the right to review and approve the Property Materials, to inquire and meet with all governmental or quasi-governmental authorities, and to inspect and approve the physical conditions of and all other matters concerning the Property (the "Due Diligence Period"). If BUYER is not satisfied for whatever reason, or no reason, with the condition of the Property, BUYER may terminate this Agreement not later than the expiration of the Due Diligence Period by providing SELLER and Escrow Holder written notice thereof ("Buyer's Termination Notice") prior to the end of the Due Diligence Period. If BUYER fails to deliver Buyer's Termination Notice, then, BUYER shall be deemed to have elected not to terminate this Agreement.

B. Return of Deposit During Due Diligence Period. Upon receipt of Buyer's Termination Notice in escrow pursuant to Section 3.A., the Deposit shall be returned to BUYER. After the Due Diligence Period, if the Agreement is not terminated pursuant to Section 3.A., the DEPOSIT shall become nonrefundable.

C. Property Materials. Not later than three (3) days following the Effective Date, SELLER shall deliver to BUYER for BUYER's review and copying the following documents relating to the Property to the extent in the possession or control of SELLER (collectively, the "Property Materials"): (i) all soils, groundwater, environmental, property inspection and other reports and test results relating to the physical condition of the Property, including without limitation engineers' and consultants' plans, reports, and studies relating to the physical condition of the Property; (ii) all notices of violations of laws, if any, from any governmental or quasi-governmental authorities related to the Property; and (iii) other correspondence and notices from any governmental or quasi-governmental authorities related to the Property.

D. Access. Subject to this Section below, until the earlier to occur of the Close of Escrow or termination of this Agreement, BUYER shall have the right to enter upon the Property to inspect, investigate and conduct tests upon the Property, as BUYER, in its sole discretion deems necessary but at its sole cost and expense. BUYER shall keep the Property free and clear of any and all liens related to BUYER's inspections, test, and investigations. All entry onto and inspections of the Property shall be subject to the following:

- (1) BUYER shall give SELLER not less than one (1) business day prior notice of any entry onto the Property by BUYER or by BUYER's agents, employees, consultants, and contractors (collectively, "BUYER's Representatives").
- (2) If the Property is physically damaged in connection with any of BUYER's or BUYER's Representatives' activities on, in or about the Property pursuant to this Agreement, then BUYER, at BUYER's sole cost and expense, shall promptly repair such damage.
- (3) BUYER shall indemnify, protect, defend (with counsel reasonably acceptable to SELLER) and hold harmless SELLER and each of SELLER's employees, agents, officer, directors, and City Council for, from and against any and all claims, damages, liens, suits, causes of action, legal or administrative proceedings, fines, penalties, judgments, demands, obligations, costs, liabilities and losses (including mechanics' liens) and expenses (including, without limitation, reasonable attorneys' fees) (all collectively and each individually referred to herein as the "Claims and Liabilities") for property damage (both real and personal), death or personal injury to the extent caused by the acts or negligence of BUYER or BUYER's Representatives acting on behalf of BUYER pursuant to this Agreement while on, in, or about the Property, subject to this Section 4.C below, which obligation shall survive Close of Escrow or termination of this Agreement.

4. REPRESENTATIONS, WARRANTIES AND COVENANTS.

A. Representations by SELLER. SELLER represents and warrants to BUYER based on information and belief as follows:

- (1) The Dissolution Law requires that the Oversight Board's approval of the disposition of this property be submitted to the California Department of Finance (DOF). No other consent or approval is required for the execution and delivery of this Agreement by SELLER or the performance by SELLER of its obligations hereunder other than those already obtained by SELLER, or specifically set forth in this Agreement.
- (2) To the best of SELLER's knowledge based on information and belief presently available to SELLER at the time of this Agreement, the Property Materials delivered to BUYER are complete copies of such documents in the actual possession or control of SELLER, and are all of the Property Materials known to be in the actual possession or control of SELLER. Prior to Closing, SELLER agrees to promptly deliver to BUYER any additional documents received by SELLER relating to the physical condition, use, and operation of the Property.
- (3) SELLER has not received written notice from any governmental or quasi-governmental authority of existing violations of any laws or other legal requirements specifically with respect to the Property.
- (4) As of the Closing, there shall be no outstanding contracts made by SELLER for any improvements to the Property which have not been fully paid for, and SELLER shall cause to be discharged and removed as an exception to title all mechanics' and materialmen's liens arising from any labor and material furnished prior to the Closing (other than those caused by work performed by BUYER).

The representations and warranties of SELLER set forth in this Section 4.A shall survive the Close of Escrow.

B. Representations by BUYER. BUYER represents and warrants to SELLER that no consent or approval from anyone other than BUYER is required for the execution and delivery of this Agreement by BUYER or the performance of BUYER of its obligations hereunder. The representations and warranties of BUYER set forth in this Section 4.B shall survive the Close of Escrow.

C. Mutual Representations and Indemnity. Each party represents and warrants to the other that it has had no dealings with any real estate broker, agent, or finder in connection with the negotiation of this Agreement. In the event of a claim for broker's fee, finder's fee, commission or other similar compensation in connection with this Agreement, BUYER, if such claim is based upon an alleged relationship with or any agreement alleged to have been made by BUYER, hereby agrees to indemnify, protect and defend with counsel reasonably acceptable to SELLER and hold SELLER and its officers, agents, employees, successors and assigns harmless

against any and all such claims and liabilities which SELLER may or does sustain or incur by reason of such claim or claims. In the event of a claim for broker's fee, finder's fee, commission or other similar compensation in connection herewith, SELLER, if such claim is based upon an alleged relationship with or any agreement alleged to have been made by SELLER, hereby agrees to indemnify, protect, and defend with counsel reasonably acceptable to BUYER, and hold BUYER, officers, agents, employees, successors and assigns harmless against any and all Claims and Liabilities which BUYER may sustain or incur by reason of such claim or claims. The provisions of this Section 4.C shall survive the Close of Escrow or termination of this Agreement.

D. Covenants of SELLER. SELLER hereby agrees as follows:

- (1) After the Effective Date and prior to the Closing, no part of the Property, or any interest therein, shall be sold, encumbered or otherwise transferred without BUYER's prior written consent.
- (2) Prior to Closing, SELLER shall promptly notify BUYER of any fact or circumstance of which SELLER becomes aware which would make any of SELLER's representations and warranties untrue in any material respect, or any covenant of SELLER under this Agreement incapable or improbably of being cured or performed.

E. Covenants of BUYER.

- (1) BUYER shall not cause or be the reason for the imposition of any mechanics' and materialmen's liens to be placed on or attached to the Property prior to Closing.
- (2) Prior to Closing, BUYER shall promptly notify SELLER of any fact or circumstance of which BUYER becomes aware which would make any of BUYER's representations and warranties untrue in any material respect, or any covenant of BUYER under this Agreement incapable of being cured or performed.

5. **AS-IS.**

A. "AS-IS" Purchase. BUYER EXPRESSLY ACKNOWLEDGES AND AGREES, AND REPRESENTS AND WARRANTS TO SELLER, THAT, EXCEPT FOR THE SELLER REPRESENTATIONS AND COVENANTS EXPRESSLY SET FORTH HEREIN BUYER IS PURCHASING THE PROPERTY "AS-IS", AND "WITH ALL FAULTS", AFTER SUCH INSPECTION, ANALYSIS, EXAMINATION AND INVESTIGATION BUYER DESIRES TO MAKE AND EXPRESSLY WITHOUT SELLER'S COVENANT, WARRANTY OR REPRESENTATION AS TO PHYSICAL CONDITION, TITLE, LEASES, RENTS, REVENUES, INCOME, EXPENSES, OPERATION, ACCESS, ZONING OR OTHER REGULATION, COMPLIANCE WITH LAW, SUITABILITY FOR PARTICULAR PURPOSES OR ANY OTHER MATTER WHATSOEVER, EXCEPT FOR THE SELLER REPRESENTATIONS AND COVENANTS SET FORTH IN THIS AGREEMENT OR ANY REPRESENTATIONS AND COVENANTS OF SELLER SET FORTH IN ANY DOCUMENT

DELIVERED BY SELLER AT THE CLOSING. SELLER HAS NO OBLIGATION TO MAKE REPAIRS, REPLACEMENTS OR IMPROVEMENTS TO THE PROPERTY, OR TO PAY ANY FEES, COSTS OR EXPENSES RELATED TO THE PROPERTY EXCEPT AS PROVIDED IN THIS AGREEMENT. BUYER ACKNOWLEDGES AND AGREES THAT, EXCEPT FOR THE SELLER REPRESENTATIONS AND COVENANTS HEREIN AND ANY REPRESENTATIONS AND COVENANTS OF SELLER SET FORTH IN ANY DOCUMENT DELIVERED BY SELLER AT THE CLOSING, SELLER HAS NOT MADE, DOES NOT MAKE AND SPECIFICALLY NEGATES AND DISCLAIMS ANY REPRESENTATIONS, WARRANTIES, PROMISES, COVENANTS, AGREEMENTS OR GUARANTIES OF ANY KIND OR CHARACTER WHATSOEVER, WHETHER EXPRESS OR IMPLIED, ORAL OR WRITTEN, PAST, PRESENT OR FUTURE, OF, AS TO, CONCERNING OR WITH RESPECT TO: (A) THE VALUE OF THE PROPERTY; (B) THE INCOME TO BE DERIVED FROM THE PROPERTY; (C) THE SUITABILITY OF THE PROPERTY FOR ANY AND ALL ACTIVITIES AND USES WHICH BUYER MAY CONDUCT THEREON, INCLUDING THE POSSIBILITIES FOR DEVELOPMENT OF THE PROPERTY; (D) THE HABITABILITY, MARKETABILITY, MERCHANTABILITY, PROFITABILITY OR FITNESS FOR A PARTICULAR PURPOSE OF THE PROPERTY; (E) THE MANNER, QUALITY, STATE OF REPAIR OR LACK OF REPAIR OF THE PROPERTY; (F) THE NATURE, QUALITY OR CONDITION OF THE PROPERTY, INCLUDING WITHOUT LIMITATION, SOILS AND GEOLOGY; (G) THE COMPLIANCE OF OR BY THE PROPERTY OR ITS OPERATION WITH ANY LAWS, RULES, ORDINANCES OR REGULATIONS OF ANY APPLICABLE GOVERNMENTAL AUTHORITY OR BODY; (H) COMPLIANCE WITH ANY ENVIRONMENTAL PROTECTION, POLLUTION OR LAND USE LAWS, RULES, REGULATION, ORDERS OR REQUIREMENTS, INCLUDING BUT NOT LIMITED TO, TITLE III OF THE AMERICANS WITH DISABILITIES ACT OF 1990, CALIFORNIA HEALTH AND SAFETY CODE, THE FEDERAL WATER POLLUTION CONTROL ACT, THE FEDERAL RESOURCE CONSERVATION AND RECOVERY ACT, THE U.S. ENVIRONMENTAL PROTECTION AGENCY REGULATIONS AT 40 CFR PART 261, CERCLA, AS AMENDED, RCRA, THE CLEAN WATER ACT, THE SAFE DRINKING WATER ACT, THE HAZARDOUS MATERIALS TRANSPORTATION ACT AND THE TOXIC SUBSTANCE CONTROL ACT, AS ANY OF THE FOREGOING MAY BE AMENDED FROM TIME TO TIME AND REGULATIONS PROMULGATED UNDER ANY OF THE FOREGOING FROM TIME TO TIME; (I) THE PRESENCE OR ABSENCE OF HAZARDOUS MATERIALS AT, ON, UNDER, OR ADJACENT TO THE PROPERTY; (J) THE CONTENT, COMPLETENESS OR ACCURACY OF THE PROPERTY DOCUMENTS AND ANY OFFERING CIRCULAR OR INFORMATION PACKAGE PROVIDED BY SELLER; (K) THE CONFORMITY OF THE PROPERTY TO PAST, CURRENT OR FUTURE APPLICABLE ZONING OR BUILDING REQUIREMENTS; (L) DEFICIENCY OF ANY DRAINAGE OR UNDERSHORE; (M) THAT THE PROPERTY MAY BE LOCATED ON OR NEAR EARTHQUAKE FAULTS; (N) THE EXISTENCE OR NON-EXISTENCE OF LAND USE, ZONING OR BUILDING ENTITLEMENTS AFFECTING THE PROPERTY; (O) THE ENTITLEMENT STATUS OF THE PROPERTY, INCLUDING, BUT NOT LIMITED TO, GENERAL PLAN STATUS, SPECIFIC PLAN STATUS, ZONING STATUS, SUBDIVISION STATUS UNDER THE CALIFORNIA SUBDIVISION MAP ACT; (P) THE APPLICABILITY OF THE FEDERAL OR CALIFORNIA ENDANGERED SPECIES ACTS AND THE EXISTENCE OF ANY

SPECIES PROTECTED THEREUNDER; (Q) ANY NON-COMPLIANCE OF THE PROPERTY OR ANY IMPROVEMENTS; (R) ANY ERRORS, INACCURACIES OR DEFECTS IN THE WORK PRODUCT RELATING TO THE PROPERTY; OR (S) ANY OTHER MATTER CONCERNING THE PROPERTY. BUYER FURTHER ACKNOWLEDGES AND AGREES THAT HAVING BEEN GIVEN THE OPPORTUNITY TO INSPECT THE PROPERTY AND HAVING OBTAINED AND EXAMINED SUCH INFORMATION AND DOCUMENTATION AFFECTING THE PROPERTY AS BUYER HAS DEEMED NECESSARY OR APPROPRIATE, BUYER IS RELYING SOLELY ON ITS OWN INVESTIGATIONS AND REVIEW, AND NOT ON ANY INFORMATION PROVIDED OR TO BE PROVIDED BY SELLER OTHER THAN THE SELLER REPRESENTATIONS AND COVENANTS SET FORTH HEREIN AND ANY REPRESENTATIONS AND COVENANTS OF SELLER SET FORTH IN ANY DOCUMENT DELIVERED BY SELLER AT THE CLOSING. AT THE CLOSING BUYER SHALL HAVE INDEPENDENTLY CONFIRMED, SUBJECT TO THE SELLER REPRESENTATIONS AND COVENANTS SET FORTH HEREIN AND ANY REPRESENTATIONS AND COVENANTS OF SELLER SET FORTH IN ANY DOCUMENT DELIVERED BY SELLER AT THE CLOSING, TO ITS SATISFACTION ALL INFORMATION THAT IT CONSIDERS MATERIAL TO ITS PURCHASE OF THE PROPERTY, INCLUDING WITHOUT LIMITATION THE EXISTENCE OF ANY AND ALL MUNICIPAL FEES, CHARGES, OR OTHER LIABILITIES THAT MAY EXIST WITH RESPECT TO THE PROPERTY. EXCEPT FOR THE SELLER REPRESENTATIONS AND COVENANTS, BUYER ASSUMES ALL RISK OF DISCOVERING AND UNDERSTANDING ALL FACTS AND CIRCUMSTANCES RELATING TO THE PROPERTY, INCLUDING PHYSICAL FEATURES AND CONDITIONS, PERMIT AND ENTITLEMENT STATUS, DEVELOPMENT OBLIGATIONS, LIABILITIES, AND OTHER FACTORS RELEVANT TO THE DEVELOPMENT OF THE REAL PROPERTY. SELLER FURTHER ADVISES BUYER THAT PURSUANT TO CALIFORNIA CIVIL CODE SECTION 1102, 1103.1(A), 3434 AND OTHER APPLICABLE PROVISIONS OF CALIFORNIA LAW, SELLER IS NOT LIABLE AND SHALL NOT BE HELD LIABLE FOR ANY LOSS OR DAMAGE OCCASIONED BY ANY CONSTRUCTION DEFECT OR OTHER DEFECT IN THE REAL OR PERSONAL PROPERTY SO DESIGNED, MANUFACTURED, CONSTRUCTED, REPAIRED, MODIFIED OR IMPROVED OR FOR ANY LOSS OR DAMAGE RESULTING FROM THE FAILURE OF SELLER OR ANY OTHER PARTY THAT PARTICIPATED IN THE DESIGN OR CONSTRUCTION OF THE PROPOSED IMPROVEMENTS ON THE PROPERTY TO USE DUE CARE IN THE DESIGN, MANUFACTURE, CONSTRUCTION, REPAIR, MODIFICATION OR IMPROVEMENT OF SUCH REAL OR PERSONAL PROPERTY. THIS PROVISION WILL SURVIVE THE CLOSING AND CONSTITUTE MATERIAL CONSIDERATIONS FOR SELLER'S AGREEMENT TO SELL THE PROPERTY TO BUYER.

B. Release. Effective upon the Closing, except for the Excluded Claims and as otherwise provided herein or in any documents delivered at the Closing, BUYER, on behalf of itself, and the BUYER representatives fully, unconditionally, and irrevocably release SELLER from any and all claims that BUYER may now have or hereafter acquire against SELLER for any liabilities arising from or related to Property, its design, development, entitlements or any conditions existing or events occurring on, in or about the Property before the Closing, including without limitation any construction defects, or other conditions, latent or otherwise, including,

without limitation, environmental matters affecting the Property or any portion thereof; provided, however, that nothing herein shall constitute a release of the Excluded Claims and/or any Liabilities of (or Claims against) the Excluded Parties. The foregoing release includes claims of which BUYER is presently unaware or which Buyer does not presently suspect to exist which, if known by BUYER, would materially affect Buyer's release of the Released Parties. In connection with this release, BUYER specifically waives the provision of California Civil Code Section 1542, which provides as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR EXPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN TO HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

This release by BUYER shall constitute a complete defense to any claim, cause of action, defense, contract, liability, indebtedness or obligation released pursuant to this release. Nothing in this release shall be construed as (or shall be admissible in any legal action or proceeding as) an admission by SELLER or any other released party that any defense, indebtedness, obligation, liability, claim or cause of action exists which is within the scope of those hereby released.

BUYER'S Initials

SELLER'S Initials

6. CLOSING AND ESCROW INSTRUCTIONS.

A. Closing. The consummation of the purchase and sale of the Property (the "Closing" or "Close of Escrow") shall take place on the Closing Date, through the escrow established with Escrow Holder ("Escrow"), as evidence by recordation of the Grant Deed described in Section 6.B. in the Official Records of Santa Clara County, California ("Official Records"). The "Closing Date" shall be July 23, 2016 or such earlier date as the parties may mutually agree upon (without obligation to so agree).

B. SELLER'S Deposits.

Prior to Closing, in sufficient time prior thereto to allow Closing on the Closing Date, SELLER shall cause to be delivered into the Escrow:

(1) A Grant Deed executed by SELLER, with signatures notarized for recording in the Official Records, conveying to BUYER the Property, in the form of Exhibit B attached hereto ("Grant Deed"), which Grant Deed shall be recorded in the Official Records at the Closing;

(2) An affidavit in compliance with the Foreign Investment and Real Property Tax Act and a California Tax Withholding Form 593-C, executed by SELLER (the "Non-Foreign Status Certificate" and "Form 593-C", respectively), certifying that SELLER is not subject to withholding under federal or state law; and

(3) Such additional instruments or documents reasonably required by Escrow Holder in order to consummate the purchase and sale of the Property in accordance with the terms and conditions of this Agreement, to the extent consistent with this Agreement, including without limitation escrow instructions and an owner's affidavit reasonably required by the Title Company to enable the Title Company to issue the Title Policy to BUYER at the Closing.

C. BUYER'S Deposits. Prior to Closing, in sufficient time prior thereto to allow Closing to occur on the Closing Date, BUYER shall cause to be delivered into the Escrow the following:

- (1) In immediately available funds a sum equal to the Purchase Price less the Deposit together with any interest earned thereon; and
- (2) Such additional instruments or documents reasonably required by Escrow Holder in order to consummate the purchase and sale of the Property in accordance with the terms and conditions of this Agreement, to the extent consistent with this Agreement, including without limitation escrow instructions.

D. Failure to Timely Close Escrow. If the Closing does not occur by the Closing Date, then either party not then in default may elect to terminate this Agreement and cancel Escrow by giving written notice of such termination and cancellation to the other party. If neither party is in default, then the cost of cancellation of the Escrow shall be shared equally between BUYER and SELLER, unless otherwise expressly provided in the Agreement. If only one of the parties hereto is in default, then such defaulting party shall pay for the entire cost of cancellation of the Escrow. The termination of this Agreement and cancellation of the Escrow, as provided herein, shall be without prejudice to whatever legal rights, as said rights may be limited by the terms contained in this Agreement, that BUYER or SELLER may have against each other arising out of this Agreement and the Escrow, which rights shall survive the termination of this Agreement.

E. Conditions to Closing.

- (1) **BUYER'S Conditions.** In addition to all other conditions to the completion of the transaction described in this Agreement, SELLER and BUYER agree that the Closing of the sale and purchase contemplated by this Agreement is subject to satisfaction, approval or waiver by BUYER of the matters specified below in this Section 6.E.(1), which conditions are solely for the benefit of the BUYER and can be unilaterally waived by BUYER:

- i. The Title Company shall be irrevocably committed to issue to BUYER at the Closing an Owner's Standard ALTA policy of title insurance in the amount of the Purchase Price, insuring the Property is vested in BUYER subject to no exceptions other than the Permitted Exceptions, in the form and with endorsements to be approved by BUYER prior to the end of the Due Diligence Period (the "Title Policy");

- ii. There shall have been no material adverse change in the physical condition of the Property from the Effective Date through the Closing Date; and
- iii. SELLER shall not be in material default of SELLER's obligations under this Agreement, and all of SELLER's express representations and warranties set forth in this Agreement shall continue to be true, correct, and unchanged in all material respects as of the Closing.

(2) **SELLER's Conditions.** In addition to all other conditions to the completion of the transaction described in this Agreement, SELLER and BUYER agree that the Closing of the sale and purchase contemplated by this Agreement is subject to satisfaction, approval or waiver by SELLER of the matters specified below in this Section 6.E(2), which conditions are solely for the benefit of SELLER and can be unilaterally waived by SELLER:

- i. BUYER shall not be in material default of BUYER's obligations under this Agreement, and all of BUYER's express representations and warranties set forth in this Agreement shall continue to be true, correct, and unchanged in all material respects as of the Closing.

F. Title. At Closing, title to the Property shall be conveyed to BUYER subject to only the following exceptions (collectively, "Permitted Exceptions"): (i) non-delinquent real property taxes and assessments (if any), (ii) the standard pre-printed exceptions and exclusions contained in an ALTA Standard coverage owner's policy of title insurance, and (iii) liens and encumbrances resulting from the acts of BUYER or any of BUYER's representatives. Anything to the contrary in this Agreement notwithstanding, SELLER shall pay or discharge, or cause to be removed, whether or not specifically objected to by BUYER, all monetary liens or encumbrances affecting the Property (other than non-delinquent real property taxes and assessments, and other than monetary liens and encumbrances created by BUYER, but otherwise including without limitation all deeds of trust and mortgages and other encumbrances relating thereto, judgment liens, mechanics' and materialmen's liens or claims of lien, and liens relating to defaulted taxes), and all liens or encumbrances voluntarily created or assumed by SELLER prior to the Close of Escrow; and in no event shall SELLER be allowed to elect or be deemed to have elected not to pay, discharge or cause to be removed such matters.

If following the Effective Date, the Title Company discloses additional exceptions not previously disclosed as exceptions in the preliminary title report delivered to BUYER before the Effective Date, other than the Permitted Exceptions, then unless BUYER agrees to accept title as it then is without reduction of the Purchase Price, BUYER may at its option, determined in BUYER's sole and absolutely discretion, terminate this Agreement, in which event the Deposit shall be released to BUYER.

G. Prorations.

- (1) Subject to Subsection (2) below, all revenues and expenses of the Property, including without limitation real property taxes, special taxes, assessments (if any) shall be prorated and apportioned between BUYER and SELLER as of the Closing Date, so that SELLER bears all expenses with respect to the Property, and has the benefit of all income with respect to the Property, through and including the date immediately preceding the Closing Date. If any portion of the Property is affected by any assessment or other charge, whether for taxes or bonds, or interest thereon, which is or may become payable in installments, and an installment payment of such assessment is then a lien due and payable as part of the annual ad valorem property tax bill received for the Property, then such installment shall be prorated as of the Closing Date; and if any such assessment or other charge is not payable in installments or are not billed as part of the annual ad valorem property tax bill for the Property, shall be paid in full by SELLER at the Closing. Notwithstanding the foregoing, SELLER shall be solely responsible for clearing all possessory interest taxes from the Property not later than the Closing. Any necessary adjustment due either party on receipt of a supplemental tax bill will be made by the parties outside of this Escrow within the time required by this Section 10 below, which obligation shall survive the Closing.
- (2) Subject to Subsection (1) above, if any of the items to be prorated as of Closing cannot be finally determined as of Closing, the prorations shall be made at Closing based on the last available information, and post-closing adjustments between BUYER and SELLER shall be made within twenty (20) days after the date that the actual amounts are determined, and if payment is not made within this twenty (20) day period the party owing such sums shall pay interest thereon, at the rate of ten percent (10%) per annum, from the date of delivery of the bill to the non-paying party to the date of payment. This subsection shall survive the Closing.

H. Title Charges, Other Closing Costs. If this transaction is terminated by BUYER prior to the expiration of the Due Diligence Period for any reason other than SELLER's default hereunder, BUYER shall pay all escrow costs billed by the Escrow Holder and Title Company. If this transaction closes as provided in this Agreement, customary escrow costs shall be paid from the proceeds of the sale. The term customary escrow costs does not include SELLER'S costs, if any, associated with providing clean title to the property including but not limited to removal of liens or encumbrances as set forth in Subsection G immediately above.

I. Disbursement of Funds. On the Close of Escrow, Escrow Holder shall be instructed to disburse the Purchase Price less customary escrow costs pursuant to Subsection H immediately above.

J. Delivery of Documents. Escrow Holder shall be instructed to, upon the Close of Escrow, deliver all instruments and documents as follows:

(1) Escrow Holder shall be instructed to deliver to SELLER:

- i. A copy of the Grant Deed executed by SELLER, showing recording information, and certified by the Escrow Holder as being a true and complete copy of the Grant Deed recorded in the Official Records;
- ii. A copy of the Non-Foreign Status Certificate, and Form 593-C;
- iii. A copy of all other documents Deposited into Escrow; and
- iv. The Purchase Price, less the costs and prorations chargeable to SELLER pursuant to this Agreement.

(2) Escrow Holder shall be instructed to deliver to BUYER following the Close of Escrow the following:

- i. A copy of the Grant Deed signed by SELLER, showing recording information, and certified by the Escrow Holder as being a true and complete copy of the Grant Deed recorded in the Official Records;
- ii. A copy of the Non-Foreign Status Certificate, and Form 593-C;
- iii. The original Title Policy; and
- iv. A copy of all other documents Deposited into Escrow.

7. CONDEMNATION.

If between the date of this Agreement and the Closing Date any condemnation or eminent domain proceedings are initiated which would result in the taking of any portion of the Property, then BUYER may terminate this Agreement by written notice of the commencement or occurrence of any condemnation or eminent domain proceedings affecting the Property. If such proceedings are initiated for the taking of any part of the Property, BUYER shall then notify SELLER, within ten (10) business days after BUYER's receipt of SELLER's notice (but in no event later than the Closing Date), whether or not BUYER elects to terminate this Agreement. If BUYER elects not to terminate this Agreement or fails to make an election within such ten (10) business day period or prior to the Closing Date, whichever is earlier, then BUYER shall be deemed to have elected to proceed with the Closing without any reduction to the Purchase Price, in which event SELLER shall assign to BUYER at Closing all of SELLER's right, title and interest in and to any award made in connection with such condemnation or eminent domain proceedings, or if such payment has been received by SELLER such payment shall be credited to BUYER at the Closing, and Closing shall be delayed, if necessary, until the later to occur of (i) the Closing Date, or (ii) ten (10) days after the expiration of the ten (10) business day period. If this Agreement is terminated in accordance with this Section 7, then the Nonrefundable Consideration shall be released to SELLER, the Deposit Balance shall be refunded to BUYER by the Escrow Holder, and SELLER and BUYER shall thereupon be released from all further obligations under this Agreement other than the Surviving Obligations.

8. RISK OF LOSS.

If prior to the Closing, the existing Improvements, or any part thereof, are materially and substantially damaged or destroyed such that the total cost of restoring the Property to the condition that existed just prior to the damage or destruction is equal to or exceeds thirty percent (30%) of the Property's fair market value prior to the damage or destruction, BUYER has the option, exercisable by giving written notice to the SELLER within ten (10) days after receiving written notice of such damage or destruction (but in any event no later than the Closing Date, to elect either of the following options: (i) to terminate this Agreement, in which case the Deposit Balance shall be returned to BUYER, and any other money or documents in escrow shall be returned to the party depositing the same, and neither party shall have any further rights or obligations under this Agreement other than the Surviving Obligations, or (ii) to accept the Property in its then condition and to proceed with the Closing. A failure by BUYER to notify SELLER in writing within such ten (10) business day period or prior to the Closing Date, whichever is earlier, will be deemed an election to proceed under clause (ii) above. If BUYER elects option (ii) all of SELLER's insurance proceeds as a consequence of such casualty, if any, shall be assigned or paid to BUYER.

9. DEFAULT AND REMEDIES.

A. DEFAULT BY BUYER; LIQUIDATED DAMAGES. IF THE SALE OF THE PROPERTY IS NOT CONSUMMATED BECAUSE OF BUYER'S DEFAULT UNDER THIS AGREEMENT, ESCROW HOLDER SHALL BE INSTRUCTED BY SELLER TO CANCEL THE ESCROW, SELLER AND BUYER SHALL THEREUPON BE RELEASED FROM EACH OF ITS RESPECTIVE OBLIGATIONS HEREUNDER (OTHER THAN THE SURVIVING OBLIGATIONS), AND AS LIQUIDATED DAMAGES HEREUNDER, THE DEPOSIT (DEFINED IN SECTION 2.B), TO THE EXTENT MADE, SHALL BE PAID TO AND RETAINED BY SELLER AS LIQUIDATED DAMAGES. THE PARTIES ACKNOWLEDGE THAT SELLER'S ACTUAL DAMAGES IN THE EVENT OF A DEFAULT BY BUYER WOULD BE EXTREMELY DIFFICULT OR IMPRACTICABLE TO DETERMINE. THEREFORE, BY PLACING THEIR SIGNATURES OR INITIALS BELOW, THE PARTIES ACKNOWLEDGE THAT THE AMOUNT DESIGNATED AS LIQUIDATED DAMAGES IN THIS SECTION 9.A. HAS BEEN AGREED UPON, AFTER NEGOTIATION, AS REASONABLE LIQUIDATED DAMAGES PURSUANT TO THE TERMS HEREOF, CALIFORNIA CIVIL CODE SECTIONS 1671 AND 1677 AND ANY RETENTION OF LIQUIDATED DAMAGES AS A RESULT THEREOF SHALL CONSTITUTE SELLER'S ONLY AND EXCLUSIVE REMEDY AGAINST BUYER IN THE EVENT OF A DEFAULT ON THE PART OF BUYER. THE PAYMENT OF SUCH AMOUNT AS LIQUIDATED DAMAGES IS NOT INTENDED AS A FORFEITURE OR PENALTY WITHIN THE MEANING OF CALIFORNIA CIVIL CODE SECTIONS 3275 OR 3369, BUT IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES. THE PROVISIONS OF THIS SECTION 9.A. SHALL SURVIVE THE TERMINATION OF THIS AGREEMENT.

SELLER'S INITIALS: _____ BUYER'S INITIALS: _____

B. Default or Breach by SELLER. If SELLER materially defaults in the performance of its obligations hereunder or is otherwise in material breach of the terms hereof, such that BUYER is materially and adversely impacted, BUYER shall, at its election, have the right to:

- (1) Seek specific performance of SELLER's obligation to convey the Property to BUYER pursuant to this Agreement, and SELLER agrees that because of the unique nature of the Property, specific performance is an appropriate remedy for enforcement of SELLER's obligation to convey the Property to BUYER pursuant to the Agreement; provided, however, that in the event Buyer elects to sue Seller for specific performance of Seller's obligations under this Agreement; (i) Buyer must have reasonably demonstrated that it is prepared to deliver into Escrow all funds and documents required by this Agreement in order for the Closing to occur, and Buyer shall be ready and willing in all other respects to close Escrow in accordance with the terms and conditions of this Agreement; and (ii) Buyer must have filed a petition with the Superior Court of Santa Clara County, seeking specific performance of Seller's obligations under this Agreement, within sixty (60) days after the scheduled Closing Date (as the same may be mutually extended by the parties).
- (2) Terminate this Agreement, upon which termination BUYER's remedy shall be the return of the Deposit and recovery of all out of pocket expenses incurred by BUYER in connection with this Agreement and BUYER's due diligence investigations relating to the Property and all other damages incurred by BUYER as the result of SELLER's default; and
- (3) Such other rights to BUYER by law or in equity. The provisions of this Section 9.B. shall survive the Close of Escrow or the termination of this Agreement.

C. Remedies.

- (1) SELLER'S Default. If SELLER defaults hereunder, or the Closing does not occur by reason of Seller's default hereunder which is not cured within ten (10) days after Seller's first have knowledge of such default, then Buyer shall be entitled to pursue its right to specifically enforce this Agreement or to terminate this Agreement. In the event Buyer terminates this Agreement, Seller, to the extent that any Deposit has been released, or Escrow Holder, to the extent any Deposit has not been released, shall immediately return said Deposit(s) to Buyer and except as otherwise provided, neither party will have any further obligations under this Agreement.
- (2) BUYER'S Default. **BUYER AND SELLER AGREE THAT IN THE EVENT THE CLOSING FAILS TO OCCUR BECAUSE OF BUYER'S**

DEFAULT OR BREACH (NOT DUE TO SELLER'S WRONGFUL ACTS OR OMISSIONS OR SELLERS' BREACH) HEREUNDER, THE DAMAGES TO SELLER WOULD BE EXTREMELY DIFFICULT AND IMPRACTICABLE TO ASCERTAIN, AND THAT THEREFORE THE DEPOSIT, TO THE EXTENT MADE AND RELEASED AND BECOME NON-REFUNDABLE, IS A REASONABLE ESTIMATE OF THE DAMAGES TO SELLERS, SUCH DAMAGES INCLUDING COSTS OF NEGOTIATING AND DRAFTING OF THIS AGREEMENT, COSTS OF COOPERATING IN SATISFYING CONDITIONS TO CLOSING, COSTS OF SEEKING ANOTHER BUYER UPON BUYER'S DEFAULT, OPPORTUNITY COSTS IN KEEPING THE PROPERTY OUT OF THE MARKETPLACE, AND OTHER COSTS INCURRED IN CONNECTION HERewith. ACCORDINGLY, BUYER AGREES THAT UPON BUYER'S RECEIPT OF NOTICE OF SUCH DEFAULT OR BREACH FROM SELLER, WHICH NOTICE SHALL SPECIFY THE BREACH IN DETAIL, AND FAILURE BY BUYER TO CURE SAID BREACH, DEFAULT OR FAILURE TO PERFORM WITHIN TEN (10) DAYS AFTER RECEIPT OF SUCH NOTICE, AND CLOSING FAILS TO OCCUR BECAUSE OF SUCH BREACH OR DEFAULT, SELLERS' DAMAGES SHALL BE LIMITED TO THE DEPOSIT, TO THE EXTENT SAID DEPOSIT HAS BEEN MADE, RELEASED AND HAVE BECOME NON-REFUNDABLE, AS LIQUIDATED DAMAGES, AS SELLER'S SOLE REMEDY IN THE EVENT OF ANY SUCH MATERIAL BREACH OR DEFAULT BY BUYER HEREUNDER. THE PARTIES ACKNOWLEDGE THAT SELLER'S RETENTION OF LIQUIDATED DAMAGES AS CONTEMPLATED IN THIS SECTION 9 IS NOT INTENDED AS A FORFEITURE OR PENALTY WITHIN THE MEANING OF CALIFORNIA CIVIL CODE SECTIONS 3275 OR 3369, BUT IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES TO SELLER UNDER CALIFORNIA CIVIL CODE SECTIONS 1671, 1676, AND 1677. THE FOREGOING IS NOT INTENDED TO LIMIT BUYER'S SURVIVING OBLIGATIONS UNDER THIS AGREEMENT, INCLUDING WITHOUT LIMITATION ANY OBLIGATIONS OF BUYER TO INDEMNIFY SELLERS OR WITH RESPECT TO ANY DEFAULT BY BUYER WHICH OCCURS FOLLOWING THE APPLICABLE CLOSING.

INITIALS OF BUYER:_____ INITIALS OF SELLERS:_____/_____

- (3) Arbitration of Disputes. **EXCEPT AS PROVIDED BELOW, IF A DISPUTE ARISES OUT OF OR RELATES TO THIS AGREEMENT, UPON THE WRITTEN DEMAND OF EITHER PARTY, THE DISPUTE SHALL BE RESOLVED BY BINDING ARBITRATION IN ACCORDANCE WITH THE AMERICAN ARBITRATION ASSOCIATION'S COMMERCIAL ARBITRATION RULES EXCEPT THAT THE ARBITRATION SHALL BE CONDUCTED BY ONE (1)**

ARBITRATOR WHO IS A RETIRED JUDGE OR AN ATTORNEY WITH NOT LESS THAN FIFTEEN (15) YEARS' EXPERIENCE IN REAL ESTATE MATTERS. DISCOVERY SHALL BE ALLOWED AS PROVIDED IN CODE OF CIVIL PROCEDURE SECTION 1283.05, THE PROVISIONS OF WHICH ARE INCORPORATED BY REFERENCE. THE ARBITRATOR MAY ORDER SPECIFIC PERFORMANCE WHEN THAT REMEDY IS PROVIDED FOR IN THIS AGREEMENT. THE JUDGMENT UPON THE ARBITRATION AWARD SHALL BE FINAL AND BINDING UPON THE PARTIES AND MAY BE ENTERED IN ANY COURT HAVING JURISDICTION THEREOF. IF THE PARTIES DO NOT AGREE UPON AN ARBITRATOR WITHIN FIFTEEN (15) DAYS AFTER DELIVERY OF A WRITTEN DEMAND FOR ARBITRATION, THEN THE ARBITRATOR SHALL BE CHOSEN BY THE AMERICAN ARBITRATION ASSOCIATION. THE ARBITRATOR SHALL ALLOCATE THE FEES AND COSTS OF ARBITRATION BETWEEN THE PARTIES AND SHALL AWARD COSTS, INCLUDING REASONABLE ATTORNEY'S FEES, TO EITHER PARTY. NOTHING CONTAINED IN THIS SECTION SHALL RESTRICT EACH PARTY FOR SEEKING EQUITABLE RELIEF FROM THE COURT SYSTEM PENDING RESOLUTION OF THE ARBITRATION.

NOTICE: BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THOSE RIGHTS ARE SPECIFICALLY INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY. WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION TO NEUTRAL ARBITRATION.

SELLER'S INITIALS:_____

BUYER'S INITIALS:_____

- D. Jury Waiver. BUYER and SELLER each waives the right to a jury in any litigation in connection with this Agreement, or the property, or the transactions contemplated by this Agreement. BUYER and SELLER each acknowledges that

this waiver has been freely given after consultation by it with competent counsel. This section 9.D has been included only for the event that, despite the parties' intention, the agreement to utilize judicial reference or arbitration as provided above is held to be inapplicable, and nothing in this section 9.D is intended to qualify the parties' agreement to resolve all disputes via order of reference.

10. NOTICE.

All notices required or permitted hereunder shall be in writing and shall be served on the parties at the following address:

If to BUYER:

With a copy to:

If to SELLER:

With a copy to:

Any notices required under this Agreement shall be in writing and shall be deemed to have been duly given (i) on the date of service, if served personally on the person to whom notice is to be given, (ii) on the date of service if sent by telecopier with confirmation of successful transmission, provided the original is concurrently sent by first class mail, and provided that notices received by telecopier after 5:00 p.m. shall be deemed given on the next business day, (iii) on the next business day after Deposit with a recognized overnight delivery service, or (iv) on the third day after mailing, if mailed to the party to whom notice is to be given by first class mail, registered or certified, and postage-prepaid.

11. TIME OF ESSENCE.

Time is of the essence of this Agreement.

12. GOVERNING LAW AND VENUE.

This Agreement shall be governed by and construed in accordance with the laws of the State of California without regard to any choice of law principles. Venues for all court proceedings or alternative forms of dispute resolution proceedings shall be Santa Clara County.

13. COUNTERPARTS.

This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

14. CAPTIONS.

The captions/headings in this Agreement are inserted for convenience of reference and in no way define, describe, or limit the scope or intent of this Agreement or any of the provisions hereof.

15. ASSIGNABILITY.

BUYER shall not assign this Agreement without prior written consent of SELLER.

16. BINDING EFFECT.

This Agreement shall be binding upon and inure to the benefit of both parties hereto and their respective successors and permitted assigns.

17. MODIFICATIONS; WAIVER.

No waiver, modification, amendment, discharge or change of this Agreement shall be valid unless the same is in writing and signed by both parties.

18. ENTIRE AGREEMENT.

This Agreement contains the entire agreement between the parties relating to the transactions contemplated hereby and all prior or contemporaneous agreements, understandings, representations or statements, oral or written, are superseded hereby.

19. AMBIGUITIES.

This Agreement shall be interpreted as if it had been jointly drafted by both parties. Therefore, the normal rule of construction that ambiguities are construed against the drafter is waived.

20. SEVERABILITY.

Any provision of this Agreement which is void, unenforceable or invalid or the inclusion of which would adversely affect the validity, legality or enforcement of this Agreement shall be of no effect, but all the remaining provisions of this Agreement shall remain in full force and effect.

21. SUBMISSION OF AGREEMENT.

The submission of this Agreement by one party to the other or their agents or attorneys for review will not be deemed an offer to sell or purchase the Property, and no agreement with respect to the purchase and sale of the Property will exist unless and until this Agreement is executed and delivered by both SELLER and BUYER.

22. REAL ESTATE REPORTING PERSON.

Escrow Holder is designated the "real estate reporting person" for purposes of Section 6045 of Title 16 of the United States Code and Treasury Regulation 1.6045-4 and any instructions or settlement statement prepared by Escrow Holder shall so provide. Upon the consummation of the transaction contemplated by this Agreement, Escrow Holder shall, after review and approval by SELLER (such approval not to be unreasonably withheld, conditioned or delayed), file a Form 1099 information return and send the statement to SELLER as required under the aforementioned statute and regulation.

23. COMPUTATION OF TIME.

In computing any period of time pursuant to this Agreement, the day of the act or event from which the designated period of time begins to run will not be included, and the last day of the period so computed will be included, unless it is a Saturday, Sunday, or legal holiday recognized as such in California, in which event the period runs until the end of the next day which is not a Saturday, Sunday, or such legal holiday. As used in the Agreement, "business day" shall mean a day which is not a Saturday, Sunday, or legal holiday recognized as such in California.

24. WAIVER.

No waiver of any of the provisions of this Agreement shall be deemed, or shall constitute, a waiver of any other provision, whether or not similar, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver.

25. NUMBER AND GENDER.

When required by the context of this Agreement, each number (singular and plural) shall include all numbers, and each gender shall include all genders.

26. NEGOTIATED TERMS.

Each party has had the opportunity to be advised by legal counsel and other professionals in connection with this Agreement, and each party has obtained such advice as each party deems appropriate. The parties agree that the terms and conditions of this Agreement are the result of negotiations between the parties and that this Agreement shall not be construed in favor of or against any party by reason of the extent to which any party or its professionals participated in the preparation of this Agreement.

27. SIGNATURES.

Signatures and initials to this Agreement created by the signer by electronic means and/or transmitted by telecopy or other electronic transmission shall be valid and effective to bind the party so signing. Each party agrees to promptly deliver an executed original of this Agreement with its actual signature and initials to the other party, but a failure to do so shall not affect the enforceability of this Agreement, it being expressly agreed that each party to this Agreement shall be bound by its own electronically created and/or electronically transmitted signature and initials and shall accept the electronically created and/or electronically transmitted signature and initials of the other party to this Agreement.

28. EXCLUSIVITY.

During the terms of this Agreement, SELLER shall not offer the Property or any interest therein for sale or lease to any other party, or negotiate, solicit, or entertain any offers.

[Signature pages follow]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

SELLER:

Successor Agency of the Former Redevelopment
Agency of the City of Milpitas

Name: _____

Title: _____

Date: _____

ATTEST:

Name: _____

Clerk, Successor Agency

BUYER:

County of Santa Clara

Name: _____

Title: _____

Date: _____

ATTEST:

Name: _____

Title: _____

EXHIBIT INDEX

<u>Exhibit Reference</u>	<u>Content</u>
Exhibit A	Legal Description of Real Property
Exhibit B	Grant Deed

OVERSIGHT BOARD STAFF REPORT

MEETING DATE: January 25, 2016

ITEM VI.B: APPROVE SUCCESSOR AGENCY'S ADMINISTRATIVE BUDGET FOR July 1, 2016, through June 30, 2017

RECOMMENDED ACTION:

Adopt Resolution No. 73 Approving An Administrative Budget for July 1, 2016, through June 30, 2017.

BACKGROUND:

The Dissolution Law requires that a Successor Agency prepare a proposed administrative budget and submit it to the Oversight Board for its approval. The administrative cost may not exceed three percent of the actual property tax distributed to the Successor Agency in the preceding fiscal year for payment of approved enforceable obligations. Administrative Budgets have been prepared in conjunction with the preparation of ROPS. SB 107 revised the timeline for the preparation of the Administrative Budget from a bi-annual process to an annual process for the period beginning July 1, 2016. Under SB 107, the Administrative Budget is not required to be submitted to DOF for approval.

DISCUSSION:

The Successor Agency staff has prepared the attached Administrative Budget for the Oversight Board's review and consideration.

ATTACHMENTS:

Successor Agency's Proposed Admin Budget
Proposed Resolution No. 73

RESOLUTION NO. 73

RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY OF THE FORMER MILPITAS REDEVELOPMENT AGENCY APPROVING AN ADMINISTRATIVE BUDGET FOR THE PERIOD OF JULY 1, 2016, THROUGH JUNE 30, 2017

WHEREAS, the California State Legislature enacted Assembly Bill x1 26 to dissolve redevelopment agencies formed under the Community Redevelopment Law (Health and Safety Code section 33000 et seq.), as amended by Assembly Bill 1484, Statutes of 2012, enacted June 27, 2012 (the “Dissolution Law”); and

WHEREAS, the Dissolution Law provides for the payment of the administrative costs of the Successor Agency to the Former Milpitas Redevelopment Agency (“Successor Agency”), subject to the approval of the Oversight Board of the Successor Agency (“Oversight Board”); and

WHEREAS, on September 22, 2015, the Governor signed SB 107 which revised the timeline for the preparation of the Administrative Budget from a bi-annual process to an annual process for the fiscal period beginning July 1, 2016; and

WHEREAS, the Successor Agency prepared and submitted an administrative budget for the period of July 1, 2016, through June 30, 2017, in accordance with the Dissolution Law; and

WHEREAS, the administrative budget prepared by the Successor Agency was considered by the Oversight Board on January 25, 2016.

NOW, THEREFORE, the Oversight Board of the Successor Agency of the former Milpitas Redevelopment Agency resolves as follows:

Section 1. The recitals set forth above are true and correct and are incorporated herein by reference.

Section 2. The Oversight Board has considered the full record before it.

Section 3. The Oversight Board adopts the Administrative Budget as attached hereto including separate line items for services from the Oversight Board clerk and legal counsel, representing the Board’s intent that amounts unspent for these line items during the July 1, 2016, through June 30, 2017 period will be deducted from the administrative cost allowance for the same period.

(Attestation on next page)

PASSED AND ADOPTED this 25th day of January 2016, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

APPROVED:

Barbara Crump
Oversight Board Secretary

Mike McInerney
Oversight Board Chair

**City of Milpitas Successor Agency
ROPS 16-17 Administration Budget
July 2016 to June 2017**

<u>Payee</u>	<u>Description</u>	<u>July - Dec 16</u>	<u>Jan - Jun 17</u>	<u>Total</u>
		<u>Amount</u>	<u>Amount</u>	
City of Milpitas	Successor Agency Adm Costs - staff	\$ 57,183	\$ 57,183	114,366
BBK	Successor Agency Legal Services	10,000	10,000	20,000
ABAG PLAN	Property Insurance	500	-	500
Various vendors	Copier lease, printing, storage, office equip	750	750	1,500
Maze & Assoc.	Audit Costs	4,500		4,500
US Bank	Adm. Fee for debt services	5,500		5,500
Wells Fargo Bank	Bank fee for checking account	750	750	1,500
ACS	Arbitrage Calculation	2,500		2,500
Willdan Financial	Bond Continued disclosure	1,000	3,500	4,500
PG&E	Electric Utility Costs	2,600	2,600	5,200
ABAG POWER	Gas Utility Costs	300	300	600
Ctiy of Milpitas	Water Utility Costs	1,750	1,750	3,500
County of Santa Clara	Oversight Board clerk	750	750	1,500
Montoy Law Corp.	Oversight Board Attorney	5,000	5,000	10,000
	Total	<u>\$ 93,083</u>	<u>\$ 82,583</u>	<u>175,666</u>

**Successor Agency Administrative Costs - Staff
July 2016 to June 2017 (ROPS 16-17)**

Position	Job Duties related to Successor Agency	FY16-17 Salaries & Benefits	PCT	6 months July 2016 to Dec 2016	6 months Jan 2017 to Jun 2017
City Manager	Management of Agency Wind Down	402,005	5%	10,050	10,050
Executive Secretary	Provide office support to City Manager	154,591	2%	1,546	1,546
City Clerk	Posting of Successor Agency & Oversight Board agenda	222,208	1%	1,111	1,111
HR Director	Personnel admin. Of Successor Agency staff	163,673	1%	818	818
Systems Administrator (Phuong)	Posting of Successor Agency & Oversight Board agenda online	187,728	1%	939	939
Executive Secretary - legal	Assistance to City Attorney in performing his duties	163,673	2%	1,637	1,637
Assistant City Manager	Management of Agency Wind Down	334,993	5%	8,375	8,375
Finance Director	ROPS, oversight board, successor agency financial transactions wind down, dealing with DOF & SCO	293,000	10%	14,650	14,650
Budget Manager	Provide analytical support to Finance Director	163,153	10%	8,158	8,158
Accounting Technician	Perform banking and Investment functions	128,499	2%	1,285	1,285
Finance Manager	Assist in ROPS, oversight board, accounting, and dealing with DOF & SCO	237,782	2%	2,378	2,378
Accountant	Perform accounting functions	152,963	5%	3,824	3,824
Fiscal Assistant	Provide clerical support to Fin Director & Manager	121,241	2%	1,212	1,212
Fiscal Assistant	Perform Accounts Payable functions	121,241	1%	606	606
Fiscal Assistant	Revenue collection	118,934	1%	595	595
Total				57,183	57,183

OVERSIGHT BOARD STAFF REPORT

MEETING DATE: January 25, 2016

ITEM VI.C: ADOPTION OF RESOLUTION NO. 74 APPROVING SUCCESSOR AGENCY'S RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR THE PERIOD OF JULY 1, 2016, THROUGH JUNE 30, 2017

RECOMMENDED ACTION:

Adopt Resolution No. 74 Approving a Recognized Obligation Payment Schedule for the period of July 1, 2016, through June 30, 2017 (ROPS 16-17).

BACKGROUND:

On September 22, 2015, the Governor signed SB 107, which revised the timeline for the preparation of the ROPS from a bi-annual process to an annual process for the period beginning July 1, 2016. The Dissolution Law requires that the Successor Agency prepare a Recognized Obligation Payment Schedule (ROPS) for January 1, 2016, through June 30, 2017. The ROPS is to be submitted to California Department of Finance (DOF) not later than February 1, 2016. The attached ROPS 16-17 has been prepared by the Successor Agency and follows the form prescribed by DOF.

The Successor Agency has submitted the attached ROPS for the July 1, 2016, through June 30, 2017 period to the Oversight Board for its review and approval.

ATTACHMENTS:

Successor Agency's Proposed ROPS
Proposed Resolution No. 74

RESOLUTION NO. 74

RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY OF THE FORMER MILPITAS REDEVELOPMENT AGENCY APPROVING A RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR THE JULY 1, 2016, THROUGH JUNE 30, 2017 PERIOD

WHEREAS, the California State Legislature enacted Assembly Bill x1 26 to dissolve redevelopment agencies formed under the Community Redevelopment Law (Health and Safety Code section 33000 et seq.), as amended by Assembly Bill 1484, Statutes of 2012, enacted June 27, 2012 (Dissolution Law); and

WHEREAS, under Health and Safety Code Section 34177, the Successor Agency was required to submit a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance every six months to reflect payments due during that six-month period; and

WHEREAS, on September 22, 2015, the Governor signed SB 107, which revised the timeline for the preparation of the ROPS from a bi-annual process to an annual process for the period beginning July 1, 2016; and

WHEREAS, the Successor Agency has submitted a ROPS for the July 1, 2016, through June 30, 2017 period to the Oversight Board; and

WHEREAS, the ROPS has been reviewed and considered by the Oversight Board at a public meeting.

NOW, THEREFORE, the Oversight Board of the Successor Agency of the former Milpitas Redevelopment Agency resolves as follows:

Section 1. The recitals set forth above are true and correct and are incorporated herein by reference.

Section 2. The Oversight Board approves the schedule attached as Exhibit A as the Recognized Obligation Payment Schedule (ROPS 16-17).

Section 3. The Oversight Board directs Successor Agency staff to forward the approved ROPS to the California Department of Finance.

Section 4. This resolution will become effective as provided by Health and Safety Code Section 34179(h).

(Attestation on Next Page)

PASSED AND ADOPTED this 25th day of January 2016, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

APPROVED:

Barbara Crump
Oversight Board Secretary

Mike McInerney
Oversight Board Chair

Recognized Obligation Payment Schedule (ROPS 16-17) - Summary

Filed for the July 1, 2016 through June 30, 2017 Period

Successor Agency:

Milpitas

County:

Santa Clara

Current Period Requested Funding for Enforceable Obligations (ROPS Detail)

	16-17A Total	16-17B Total	ROPS 16-17 Total
A Enforceable Obligations Funded with Non-Redevelopment Property Tax Trust Fund (RPTTF)			
Funding Sources (B+C+D):	\$ 15,228	\$ -	\$ 15,228
B Bond Proceeds Funding	15,228	-	15,228
C Reserve Balance Funding	-	-	-
D Other Funding	-	-	-
E Enforceable Obligations Funded with RPTTF Funding (F+G):	\$ 5,986,780	\$ 10,990,833	\$ 16,977,613
F Non-Administrative Costs	5,893,697	10,908,250	16,801,947
G Administrative Costs	93,083	82,583	175,666
H Current Period Enforceable Obligations (A+E):	\$ 6,002,008	\$ 10,990,833	\$ 16,992,841

Certification of Oversight Board Chairman:

Pursuant to Section 34177 (o) of the Health and Safety code, I hereby certify that the above is a true and accurate Recognized Obligation Payment Schedule for the above named successor agency.

Name	Title
/s/	
Signature	Date

(Report Amounts in Whole Dollars)

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Milpitas Recognized Obligation Payment Schedule (ROPS 16-17) - Report of Cash Balances
(Report Amounts in Whole Dollars)

Pursuant to Health and Safety Code section 34177 (I), Redevelopment Property Tax Trust Fund (RPTTF) may be listed as a source of payment on the ROPS, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation. For tips on how to complete the Report of Cash Balances Form, see CASH BALANCE TIPS SHEET.

A	B	C	D	Fund Sources				H	I
				Fund Sources					
				Bond Proceeds	Reserve Balance		Other		
		Bonds issued on or before 12/31/10	Bonds issued on or after 01/01/11	Prior ROPS period balances and DDR RPTTF balances retained	Prior ROPS RPTTF distributed as reserve for future period(s)	Rent, grants, interest, etc.	Non-Admin and Admin	Comments	
ROPS 15-16A Actuals (07/01/15 - 12/31/15)									
1	Beginning Available Cash Balance (Actual 07/01/15)		15,227			3,027	136,998		
2	Revenue/Income (Actual 12/31/15) RPTTF amounts should tie to the ROPS 15-16A distribution from the County Auditor-Controller during June 2015			1		924	10,118,132		
3	Expenditures for ROPS 15-16A Enforceable Obligations (Actual 12/31/15)								
4	Retention of Available Cash Balance (Actual 12/31/15) RPTTF amount retained should only include the amounts distributed as reserve for future period(s)					3,951	10,188,930		
5	ROPS 15-16A RPTTF Balances Remaining	No entry required							
6	Ending Actual Available Cash Balance C to G = (1 + 2 - 3 - 4), H = (1 + 2 - 3 - 4 - 5)	\$ -	\$ 15,228	\$ -	\$ -	\$ -	\$ 66,200		
ROPS 15-16B Estimate (01/01/16 - 06/30/16)									
7	Beginning Available Cash Balance (Actual 01/01/16) (C, D, E, G = 4 + 6, F = H4 + F4 + F6, and H = 5 + 6)	\$ -	\$ 15,228	\$ -	\$ -	\$ -	\$ 66,200		
8	Revenue/Income (Estimate 06/30/16) RPTTF amounts should tie to the ROPS 15-16B distribution from the County Auditor-Controller during January 2016						11,002,408		
9	Expenditures for ROPS 15-16B Enforceable Obligations (Estimate 06/30/16)						11,036,843		
10	Retention of Available Cash Balance (Estimate 06/30/16) RPTTF amount retained should only include the amounts distributed as reserve for future period(s)								
11	Ending Estimated Available Cash Balance (7 + 8 - 9 - 10)	\$ -	\$ 15,228	\$ -	\$ -	\$ -	\$ 31,765		

Milpitas Recognized Obligation Payment Schedule (ROPS 16-17) - Notes July 1, 2016 through June 30, 2017

Item # Notes/Comments

2 The termination date is the earlier of 6/30/2038 or the termination date of the Redevelopment Plan (6/17/2034)

OVERSIGHT BOARD STAFF REPORT

MEETING DATE: January 25, 2016

ITEM VI.D: Approve Reallocation of Line Item Amounts in Administrative Budget for the July 1, to December 31, 2015

RECOMMENDED ACTION:

The Successor Agency recommends that the Oversight Board adopt Resolution No. 75 which approves the reallocation of line item amounts in the Administrative Budget for the July to December 31, 2015, period.

BACKGROUND:

On February 10, 2015, the Oversight Board approved Resolution No. 57 approving an Administrative Budget for the period July 1 to December 31, 2015. The Successor Agency requests that said Administrative Budget be amended to reflect reallocated line item amounts as set forth in Exhibit A of proposed Resolution No. 75.

ATTACHMENTS:

Proposed Resolution No. 75
Exhibit A to Propose Resolution No. 75

RESOLUTION NO. 75

RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY OF THE FORMER MILPITAS REDEVELOPMENT AGENCY APPROVING SUCCESSOR AGENCY'S REALLOCATION OF LINE ITEM AMOUNTS IN ADMINISTRATIVE BUDGET FOR JULY TO DECEMBER 2015

WHEREAS, the California State Legislature enacted Assembly Bill x1 26 to dissolve redevelopment agencies formed under the Community Redevelopment Law (Health and Safety Code section 33000 et seq.), as amended by Assembly Bill 1484, Statutes of 2012, enacted June 27, 2012 (the "Dissolution Law"); and

WHEREAS, the Dissolution Law provides for the payment of the administrative costs of the Successor Agency to the Former Milpitas Redevelopment Agency ("Successor Agency"), subject to the approval of the Oversight Board of the Successor Agency ("Oversight Board"); and

WHEREAS, on February 10, 2015, the Oversight Board approved Resolution No. 57 approving an Administrative Budget for the period July 1 to December 31, 2015; and

WHEREAS, the Successor Agency has requested that said Administrative Budget be amended to reflect reallocated line item amounts.

NOW, THEREFORE, the Oversight Board of the Successor Agency of the former Milpitas Redevelopment Agency resolves as follows:

Section 1. The recitals set forth above are true and correct and are incorporated herein by reference.

Section 2. The Oversight Board has considered the full record before it.

Section 3. The Oversight Board approves the reallocation of line item amounts in the Administrative Budget for July to December 31, 2015, period as reflected in Exhibit A.

(Attestation on next page)

PASSED AND ADOPTED this 25th day of January 2016, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

APPROVED:

Barbara Crump
Oversight Board Secretary

Mike McInerney
Oversight Board Chair

**City of Milpitas Successor Agency
ROPS 15-16A Administration Budget
July 2015 to December 2015**

Payee	Description	Approved Amount	Reallocated	Amended Amount
City of Milpitas	Successor Agency Adm Costs - staff	\$ 76,668	(1,200)	\$ 75,468
ABAG PLAN	Property & Personal Liability Insurance	2,000	\$ (1,550)	450
Various vendors	Copier lease, printing, storage, office equip	6,250	(5,850)	400
Maze & Assoc.	Audit Costs	5,000	(950)	4,050
US Bank	Adm. Fee for debt services	5,000	(4,100)	900
Wells Fargo Bank	Bank fee for checking account	1,000	(600)	400
ACS	Arbitrage Calculation	3,000	(1,100)	1,900
Willdan Financial	Bond Continued disclosure	1,000	(1,000)	-
City of Milpitas	PG&E Utility Costs	2,500	(100)	2,400
City of Milpitas	ABAG Power Utility Costs	500	(300)	200
City of Milpitas	Water Utility Costs	2,000	(950)	1,050
County of Santa Clara	Oversight Board clerk	3,000	450	3,450
Montoy Law Corp.	Oversight Board Attorney	20,000	17,250	37,250
Total		\$ 127,918	\$ -	\$ 127,918